



EXHIBIT 14-E

DRAFT

FINDINGS of APPROVAL

**CONSIDER APPLICATION TO AMEND CALIFORNIA-AMERICAN
WATER COMPANY, RYAN RANCH UNIT, TO SERVE COMMUNITY
HOSPITAL PROPERTIES VIA D.B.O DEVELOPMENT NO. 30 WATER
RIGHTS IN SEASIDE GROUNDWATER BASIN**

Application #WDS-20170227RYA; Permit #M17-01-L3

Donor Service Area: APN 011-011-051 (per MPWMD Permit #M15-07-L3)

**Recipient Service Area: APNs 259-221-004 and 259-221-005 in Ryan Ranch
(CHOMP)**

Adopted by MPWMD Board of Directors on April 19, 2017

***Unless noted otherwise, all cited documents and materials are available for review at the
MPWMD Office, 5 Harris Court, Building G, Monterey (Ryan Ranch).***

It is hereby found and determined as follows:

1. FINDING: Co-Applicant **California-American Water Company (CAW)**, a California corporation, is the current owner and operator of the Ryan Ranch Unit Water Distribution System (WDS), a public utility regulated by the California Public Utilities Commission and considered as a valid WDS by the Monterey Peninsula Water Management District (MPWMD or District) and the State of California. The 312-acre Ryan Ranch business park is located within the City of Monterey, and is served by the CAW Ryan Ranch Unit. In June 2009, MPWMD reduced the System Capacity (wellhead production limit) to 72.0 Acre-Feet Annually (AFA) and instituted a moratorium on new Connections in the Ryan Ranch Unit due to insufficient supply. In most years in summer/fall, emergency augmentation for the Ryan Ranch Unit is needed via an intertie from the "main" CAW water system that derives supply from the Monterey Peninsula Water Resource System (Carmel River Basin and Seaside Groundwater Basin). In June 2015, the MPWMD Board approved Permit #M15-03-L3 to allow the Ryan Ranch-Bishop Unit Interconnection, where the Bishop Unit would be the primary source of emergency supply augmentation rather than the main system. In September 2014, the District approved Permit #M14-05-L4, which allowed CAW to increase its System Capacity in the Seaside Groundwater Basin Coastal Subareas by up to 3.41 AFA based on transferred water rights owned by Cypress Pacific Investors, LLC

(Cypress). This translates to 3.17 AFA metered sales (customer water consumption) delivered to future recipient parcels within the Seaside Basin designated by Cypress. In 2015, Cypress designated the entire 3.17 AFA to serve Assessor Parcel Numbers (APN) 259-221-004 and 259-221-005 to enable expansion of the Community Hospital of the Monterey Peninsula (CHOMP) campus at Ryan Ranch. This was approved by the District on August 17, 2015 via Permit #M15-06-L3 (CAW/Ryan Ranch-CHOMP Amendment). In November 2015, the District approved a similar water rights transfer of 15.0 AFA production (13.95 AFA of metered sales) for the CAW/DBO Development No. 30 Amendment (Permit M15-07-L3). Application #WDS-20170227RYA requests that the Ryan Ranch Unit System Capacity be increased by 2.00 AFA metered sales from the DBO water rights allotment to serve solely the two CHOMP Parcels, and that Conditions of Approval be amended to enable 5.17 AFA metered sales to be delivered via the intertie between the CAW main system and the Ryan Ranch Unit. This application is referred to herein as the “CAW/Ryan Ranch-CHOMP Amendment No. 2.”

EVIDENCE: Application #WDS-20170227RYA submitted February 27, 2017, including CHOMP Parcel map; California Department of Public Health Services (now called SWRCB Division of Drinking Water), *Certificate of Issuance of a Water Supply Permit to California American Water Company – Ryan Ranch Water System*, Permit #0524134 dated May 24, 2013; MPWMD *Findings, Conclusions and Decision of the Board, Hearing on Insufficient Physical Supplies in Accord with District Rule 40-B (“Ryan Ranch Decision”)* dated June 15, 2009; MPWMD *Annual Water Production Summary for Ryan Ranch Unit* (1990-2016), dated November 18, 2016. MPWMD Permit #M14-05-L4 (CAW/Cypress Amendment) approved by District Board on September 15, 2014; MPWMD Permit #M15-06-L3 approved on August 17, 2015 (CAW/Ryan Ranch-CHOMP Amendment; MPWMD Permit #M15-07-L3 approved on November 16, 2015 (CAW/DBO Amendment); MPWMD Permit #M15-03-L3 (Ryan Ranch-Bishop Interconnection) approved by District Board on June 15, 2015; MPWMD staff agenda package prepared for MPWMD Board of Directors April 19, 2017 Public Hearing for Application #WDS-20170227RYA (Item 12).

2. FINDING: The Ryan Ranch Unit is within CAW’s Monterey Division, but is operated as a separate independent unit from CAW’s main WDS. It is one of three CAW “satellite systems” that draws supply from the Laguna Seca Subarea of the Seaside Groundwater Basin. The Seaside Groundwater Basin is an adjudicated basin governed by the Seaside Basin Watermaster in compliance with a 2006 Adjudication Decision by the Monterey County Superior Court.

- EVIDENCE: Permit application materials specified in Finding #1; map of CAW Service Area. Seaside Groundwater Basin Adjudication Judgment dated March 27, 2006 (as amended), Monterey Superior Court Case #M66343, *California American Water vs. City of Seaside et al.*
3. FINDING: No new Wells are associated with this proposed action. New delivery pipelines will be needed to serve the new CHOMP facilities on the Parcels identified Finding #1, once completed. The Superior Court, Watermaster, and Sixth District Court of Appeal have confirmed that DBO water rights may be delivered to recipient properties in the Seaside Basin from CAW Well(s) located in the Seaside Basin.
- EVIDENCE: Permit application specified in Finding #1. Letter from Seaside Basin Watermaster to David C. Sweigert (attorney for DBO) dated October 19, 2015. Seaside Groundwater Basin Adjudication Judgment dated March 27, 2006, as amended, Monterey Superior Court Case #M66343, *California American Water vs. City of Seaside et al.* Order After Hearing on SNG's Motion to Enforce and Clarify the Amended Decision, Case #M66343, filed by the Monterey County Superior Court (Judge Roger Randall) on May 11, 2009; Sixth District Court of Appeal Decision, Case #H034335, dated April 1, 2010.
4. FINDING: The Applicant has applied for a Permit to amend the Ryan Ranch Unit WDS Conditions of Approval to enable treated CAW main system water to serve solely the CHOMP Parcels in Ryan Ranch as described in Finding #1. The water would be conveyed via the existing intertie between the main system and Ryan Ranch Unit. No other changes to the Ryan Ranch Unit are proposed. No other Parcels would be served from the DBO water right transfer, and the moratorium on new Connections would remain in effect for all other Parcels. The restriction on the use of the main system intertie would be in effect.
- EVIDENCE: Permit application materials specified in Finding #1; MPWMD Permit #M17-01-L3, Amended Conditions of Approval #1 through #4, #13, and Special Condition #27 for Ryan Ranch Unit.
5. FINDING: Previous District staff analysis and Board approval of the CAW/DBO Amendment (Permit #M15-07-L3) determined that CAW has the physical and legal capability to increase production from the Seaside Basin Coastal Subareas by 15.0 AFA, equivalent to delivery of 13.95 AFA metered sales to Parcels designated by DBO. This permit entails 2.0 AFA of the 13.95 AFA amount. CAW has the physical and legal capability to deliver water to the CHOMP Parcels in Ryan Ranch as specified in Finding #1.
- EVIDENCE: Permit application materials specified in Finding #1. MPWMD Permit #M15-07-L3 approved November 16, 2015, including associated

Findings and Conditions of Approval. MPWMD Permit #M17-01-L3, Amended Conditions of Approval #3, #13 and Special Condition #27 for the Ryan Ranch Unit.

6. FINDING: The application for the CAW/Ryan Ranch-CHOMP Amendment No. 2, along with supporting materials, is in accordance with District Rule 21 (WDS Applications) and Rule 22 (Action on Application).
- EVIDENCE: Permit application materials specified in Finding #1; “Notice of Public Hearing” letter to CAW from MPWMD dated March 14, 2017; MPWMD Rules and Regulations.

Required Findings (MPWMD Rule 22-B)

7. FINDING: The approval of the Permit would not cause unnecessary duplication of Potable water service within any existing system. The CAW/Ryan Ranch-CHOMP Amendment No. 2 complies with the Adjudication Decision, and would be used only to serve the CHOMP Parcels. [Rule 22-B-1]
- EVIDENCE: Permit application materials specified in Finding #1. MPWMD Permit #M17-01-L3, Amended Conditions of Approval #3, #13 and Special Condition #27 for the Ryan Ranch Unit.
8. FINDING: The approval of the Permit would not result in water importation or exportation to or from the District, respectively. The referenced water systems and properties are located wholly within the MPWMD. [Rule 22-B-2]
- EVIDENCE: District boundary location maps.
9. FINDING: Approval of the application would not result in significant adverse impacts to “Sensitive Environmental Receptors” (SER) as defined by MPWMD Rule 11 (Definitions), including the Seaside Groundwater Basin and the Carmel Valley Alluvial Aquifer (CVAA). The Monterey County Superior Court Adjudication Decision determined the Seaside Basin “natural safe yield” and specified pumping rights of property owners, including DBO. The Superior Court further determined that serving Seaside Basin recipient properties with CAW Wells further inland is an overall benefit to the ongoing integrity of the Seaside Basin and is part of the Physical Solution. The Front-Loading Agreement included in the Conditions of Approval for CAW/DBO Amendment (MPWMD Permit #M15-07-L3) is consistent with the May 11, 2009 Court Order finding that with adequate “front-loading,” there is no resultant adverse impacts to the Carmel River or the CVAA. The current application simply implements Permit #M15-07-L3 and specifies the two CHOMP Parcels in Ryan Ranch. [Rule 22-B-3]

- EVIDENCE: Permit application materials specified in Finding #1. Seaside Basin Adjudication Decision and Court determinations referenced in Finding #3. MPWMD Permit #M15-07-L3 approved November 16, 2015, including associated Findings and Conditions of Approval (Special Condition #30 addresses Front-Loading Agreement). MPWMD Permit #M17-01-L3, Amended Conditions of Approval #3, #13 and Special Condition #27 for the Ryan Ranch Unit.
10. FINDING: The application is based on specified DBO water rights as determined by the Superior Court as part of the Seaside Basin Adjudication Decision. [Rule 22-B-4]
- EVIDENCE: Seaside Basin Adjudication Decision, May 11, 2009 Court Order and April 1, 2010 Appeal Decision specified in Finding #3.
11. FINDING: A long-term reliable source of water supply (15.0 AFA production, equivalent to 13.95 AFA metered sales) is available to CAW via the CAW/DBO Amendment (MPWMD Permit #M15-07-L3), based on the Seaside Basin Adjudication. The application #WDS-20170227RYA requests 2.0 AFA of the 13.95 AFA amount. Notably, the California Public Utilities Commission (CPUC) in April 2015 approved future CAW plans to fully integrate the three “satellite systems” described in Finding #2 with the main CAW system once the Monterey Peninsula Water Supply Project is completed, adding to future supply reliability. [Rule 22-B-5]
- EVIDENCE: Seaside Basin Adjudication Decision, May 11, 2009 Court Order and April 1, 2010 Appeal Decision specified in Finding #3. CPUC Decision 15-04-007 approving the General Rate Case for CAW Application A.13-07-002. MPWMD Permit #M15-07-L3 approved November 16, 2015, including associated Findings and Conditions of Approval.
12. FINDING: The source of water supply for the CAW/Ryan Ranch-CHOMP Amendment No. 2 is from CAW Wells in the Seaside Basin Coastal Subareas, consistent with previous approvals. The source of water supply for the Ryan Ranch Unit Wells is the Laguna Seca Subarea of the Seaside Groundwater Basin. The cumulative effects of issuance of this WDS Permit do not result in significant adverse impacts to the Source of Supply or the species and habitats dependent on the Source of Supply due to compliance with the Adjudication Decision issued by the Superior Court, the Front-Loading Agreement in the CAW/DBO Amendment (MPWMD Permit #M15-07-L3), and restrictions in the CAW/Ryan Ranch-Bishop Interconnection (MPWMD Permit #M15-03-L3). The CAW/Ryan Ranch-CHOMP Amendment No. 2 continues this compliance. [Rule 22-B-6]
- EVIDENCE: Permit application materials specified in Finding #1. Seaside Basin

Adjudication Decision and other Court determinations referenced in Finding #3. MPWMD Permit #M15-07-L3 approved November 16, 2015, including associated Findings and Conditions of Approval; MPWMD Permit #M15-03-L3 approved June 15, 2015, including associated Findings and Conditions of Approval; MPWMD Permit #M17-01-L3, Amended Conditions of Approval #1 through #4, #13 and Special Condition #27 for the Ryan Ranch Unit.

13. FINDING: With the actions required in the CAW/DBO Amendment (MPWMD Permit #M15-07-L3), the source of CAW supply for recipient properties is derived from the Paso Robles and Santa Margarita Aquifers in the Coastal Subareas of the Seaside Basin, which is not within the jurisdiction of the State Water Resources Control Board (SWRCB). The SWRCB has determined that the one-for-one replacement required in its Order WR 95-10 does not apply so long as CAW supply to the recipient properties is derived solely from the Seaside Basin. The Source of Supply for the Ryan Ranch Unit is from aquifers within the Laguna Seca Subarea of the Seaside Groundwater Basin, and is not derived from the Carmel Valley Alluvial Aquifer and is not within the jurisdiction of the SWRCB. Neither Source of Supply has been determined to be tributary to the Source of Supply for any other system. [Rule 22-B-7]

EVIDENCE: MPWMD maps showing boundaries of project area and jurisdiction of the SWRCB; MPWMD hydrogeologic maps on file; MPWMD Permit #M15-07-L3 approved November 16, 2015, including associated Findings and Conditions of Approval; MPWMD Permit #M17-01-L3, Amended Conditions of Approval #1 through #4, #13 and Special Condition #27 for the Ryan Ranch Unit.

14. FINDING: MPWMD Permits #M15-06-L3, M15-07-L3, and M17-01-L3 allow a physical intertie from the main CAW system (Coastal Subarea) to the Ryan Ranch Unit to be used only for the CHOMP Parcels, based on a transfer of Cypress and DBO water rights. The CAW/Ryan Ranch-Bishop Interconnection for emergency use and other restrictions in MPWMD Permit #M15-03-L3 would continue for all other Parcels in Ryan Ranch. Except for the CHOMP Parcels, augmentation from the main CAW WDS is only allowed via written permission by the MPWMD General Manager in emergency situations when both the Ryan Ranch and Bishop Units have documented insufficient supplies. Any CAW Source of Supply may be used in a fire emergency. [Rule 22-B-8]

EVIDENCE: Permit application materials specified in Finding #1; MPWMD Permit #M15-06-L3 approved August 17, 2015, and Permit #M15-07-L3, approved November 16, 2015, including associated Findings and Conditions of Approval; MPWMD Permit #M15-03-L3 approved June

15, 2015, including associated Findings and Conditions of Approval; MPWMD Permit #M17-01-L3, Amended Conditions of Approval #1 through #4, #13 and Special Condition #27 for the Ryan Ranch Unit.

15. FINDING: A back-flow protection device to prevent contamination of the CAW system is not necessary as CAW is the water purveyor. [Rule 22-B-9]

EVIDENCE: Permit application materials specified in Finding #1.

Minimum Standards for Granting a Permit (MPWMD Rule 22-C)

16. FINDING: The application adequately identifies the Responsible Party as California-American Water Company, a California Corporation. [Rule 22-C-1]

EVIDENCE: Permit application materials specified in Finding #1.

17. FINDING: The application meets the definition of a “Multiple-Parcel Connection System” as water will be provided by CAW, a regulated Public Utility, to the CHOMP Parcels in Ryan Ranch. Compliance with California Title 22 water quality standards is the authority of the SWRCB, Division of Drinking Water. [Rule 22-C-2]

EVIDENCE: Permit application specified in Finding #1. MPWMD Permit #M17-01-L3, Amended Conditions of Approval #1 through #4, and #15. California Administrative Code, Title 22.

18. FINDING: The application identifies the location of the Source of Supply for CAW/Ryan Ranch-CHOMP Amendment No. 2 as CAW Wells in the Seaside Groundwater Basin. Because CAW is “wheeling” DBO water, it is possible that water delivered to the CHOMP Parcels could be co-mingled with water from either the Coastal Subareas or the Laguna Seca Subarea of the Seaside Basin. [Rule 22-C-3]

EVIDENCE: Permit application materials specified in Finding #1; MPWMD Permit #M15-07-L3 approved November 16, 2015, including associated Findings and Conditions of Approval; MPWMD Permit #M17-01-L3, Amended Condition of Approval #4 for Ryan Ranch Unit.

19. FINDING: The approval of the application would not create an Overdraft or increase an existing Overdraft of a Groundwater basin, and a superior right has been demonstrated. The Superior Court has determined the “natural safe yield” and specified pumping rights of property owners in the Seaside Basin as part of the Adjudication Decision, and has designated 15.0 AFA Alternative Production Allocation for DBO. Of this amount, 2.15 AFA production is associated with the delivery of 2.00 AFA metered sales solely to the CHOMP Parcels identified in Finding #1. [Rule 22-C-4]

EVIDENCE: Adjudication Decision specified in Finding #2. MPWMD Permit #M15-07-L3 approved November 16, 2015, including associated Findings and Conditions of Approval; MPWMD Permit #M17-01-L3, Amended Conditions of Approval #1 through #4, #13 and Special Condition #27 for the Ryan Ranch Unit.

20. FINDING: The approval of the application would not adversely affect the ability of existing systems to provide water to Users due to conditions of approval that limit future water use to a reasonable and acceptable amount, consistent with the water rights determinations of the Superior Court as the result of the Seaside Basin Adjudication. [Rule 22-C-5]

EVIDENCE: Seaside Basin Adjudication Decision and other Court Orders specified in Finding #3. MPWMD Permit #M15-07-L3 approved November 16, 2015, including associated Findings and Conditions of Approval; MPWMD Permit #M17-01-L3, Amended Conditions of Approval #1 through #4, #13 and Special Condition #27 for the Ryan Ranch Unit.

Compliance with California Environmental Quality Act (CEQA)

21. FINDING: In the review of this application, MPWMD has followed those guidelines adopted by the State of California and published in the California Administrative Code, Title 14, Section 15000, *et seq.* Specifically, the MPWMD has determined that a Statutory Exemption applies as defined in CEQA Guidelines Section 15268 (Ministerial Projects), based on previous environmental determinations by the Courts. The Monterey County Superior Court concluded that its Adjudication Decision included environmental determinations related to the Seaside Basin and adjudication of the rights therein. The MPWMD action is also consistent with the May 11, 2009 Court Order as confirmed by the Sixth District Court of Appeal, which limits CEQA review of adjudicated groundwater supply in the Seaside Basin.

EVIDENCE: CEQA and CEQA Guidelines, Section 15268; Seaside Basin Adjudication Decision, May 11, 2009 Court Order, and April 1, 2010 Appeal Decision specified in Finding #3. Front-Loading Agreement specified in MPWMD Permit #M15-07-L3 (Condition #30) approved November 16, 2015. MPWMD Permit #M17-01-L3, Amended Conditions of Approval for the Ryan Ranch Unit. MPWMD Notice of Exemption for CAW/Ryan Ranch-CHOMP Amendment No. 2 signed April __, 2017.